

ONE HUNDRED SEVENTH LEGISLATURE - FIRST SESSION - 2021
COMMITTEE STATEMENT
LB366

Hearing Date: Thursday February 04, 2021
Committee On: Revenue
Introducer: Briese
One Liner: Change the Nebraska Advantage Microenterprise Tax Credit Act

Roll Call Vote - Final Committee Action:
Advanced to General File with amendment(s)

Vote Results:

Aye: 8 Senators Albrecht, Bostar, Briese, Flood, Friesen, Lindstrom, Linehan, Pahls
Nay:
Absent:
Present Not Voting:

Oral Testimony:

Proponents:

Senator Tom Briese
John Hladik
Jim Reiff
Regina Krebs
Lauren Sheridan-Simonsen
Sean Krebs
Andrea McClintic

Representing:

Introducer
Center for Rural Affairs
Nebraska Enterprise Fund
Self
City of Neligh, Village of Clearwater
Self
Dawson Area Development & Nebraska Economic Developers Association

Opponents:

Representing:

Neutral:

Representing:

Submitted Written Testimony:

Proponents:

Zane Francescato

Representing:

Seward County Chamber & Development Partnership

Opponents:

Representing:

Neutral:

Representing:

Summary of purpose and/or changes:

LB366 makes changes to the Nebraska Advantage Microenterprise Tax Credit Act.

The bill changes the definition of related persons to include the following:

- An individual and a corporation if more than 50% in value of the outstanding stock of the corporation is owned, directly or indirectly, by or for such individual.
- A fiduciary of a trust and a corporation if more than 50% in value of the outstanding stock of the corporation is owned, directly or indirectly, by or for the trust or by or for a person who is a grantor of the trust.
- A corporation and a partnership if the same persons own more than 50% in value of the outstanding stock of the corporation and more than 50% of the capital interest, or the profits interest, in the partnership.
- A subchapter S corporation and another subchapter S corporation if the same persons own more than 50% in value of the outstanding stock of each corporation.
- A subchapter S corporation and a C corporation if the same persons own more than 50% in value of the outstanding stock of each corporation.
- A partnership and a person owning, directly or indirectly, more than 50% of the capital interest, or the profits interest, in such partnership.
- Two partnerships in which the same persons own, directly or indirectly, more than 50% of the capital interests or profits interests.

The refundable tax credits are changed to be equal to 10% of the taxpayer's new investment in depreciable tangible personal property; 20% of any other new investment of the taxpayer; and 20% of the taxpayer's new employment. The current refundable tax credit is equal to 20% of the taxpayer's new investment or employment during the tax year.

The total amount of tax credits shall not exceed \$2 million plus tentative tax credits not granted the by the end of the preceding year.

Beginning with applications filed on or after the effective date of this bill, the annual report filed by the Tax Commissioner will also include information on project-specific total credits used every two years for each approved application and shall disclose the identity of the taxpayer, the location or locations where the taxpayer is earning credits, the new investment or new employment that were actually produced by the taxpayer to earn credits, and the total credits used during the immediately preceding two years, expressed as a single, aggregated total.

Any changes made by LB366 shall apply to all applications for benefits received on or after the effective date of this bill.

Explanation of amendments:

The amendment does the following:

- Extends the sunset date through 2032.
- It increases the credit to equal 20% of the taxpayer's new investments in any property and 20% of the taxpayer's new employment.

The Committee voted to amend AM436 to LB366.

8 Yes - Linehan, Lindstrom, Albrecht, Bostar, Briese, Flood, Friesen, Pahls

